

## Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 IO-13 ISO-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02  
SOE-02 OMB-01 DOE-15 SIG-03 /149 R

DRAFTED BY EB/OT/STA:C H BLUM:CMS  
APPROVED BY EB/ITP:W BARRACLOUGH  
EUR/RPE - E CASEY  
EB/OT/STA - J S SPIRO  
CUSTOMS - J SIMONELLI  
CUSTOMS - D BINDER  
TREASURY - F VUKMANIC  
TREASURY P EHRENHAFT  
E - T MINNIES

-----016153 220358Z /17

P R 212200Z JUN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BRUSSELS PRIORITY  
AMEMBASSY PARIS PRIORITY  
INFO AMEMBASSY BONN  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
USMISSION GENEVA  
AMEMBASSY THE HAGUE  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMEMBASSY MEXICO  
AMCONSUL MONTREAL  
AMCONSUL HONG KONG

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USEEC/USOECN ALSO FOR EMBASSY,

E.O. 11652: N/A

TAGS: ETRD, US, EEC

SUBJECT:ANTIDUMPING -- COST OF PRODUCTION DATA ON FRENCH  
WIRE ROD  
ALSO FOR CUSTOMS ATTACHE/SENIOR CUSTOMS REP  
REFS: A) STATE 111921, B) STATE A-1851, C) PARIS 18422  
(NOTAL), D) PARIS 18072, E) BRUSSELS 11651, F) BRUSSELS  
10395

1. REFS C, D AND E REPORT OBJECTIONS RAISED BY EC, GOF  
AND FRENCH STEEL COMPANY OFFICIALS TO TREASURY DEPARTMENT'S  
COST-OF-PRODUCTION INVESTIGATION CONCERNING IMPORTS OF  
STEEL WIRE ROD FROM FRANCE. ESSENCE OF POINTS CONTAINED  
PARA 2-7 ARE BEING MADE TO EC DELEGATION IN WASHINGTON.  
POSTS MAY DRAW ON THEM IN RESPONDING TO ANY OBJECTIONS TO  
U.S. COST OF PRODUCTION INVESTIGATIONS.

2. THERE IS NO AGREEMENT OR UNDERSTANDING BETWEEN EC  
COMMISSIONER DAVIGNON AND EITHER UNDER SECRETARY SOLOMON OR  
UNDER SECRETARY COOPER WHEREBY THE COST OF PRODUCTION  
QUESTIONNAIRES WERE NOT TO BE PRESENTED TO FRENCH WIRE ROD  
PRODUCERS, AS SUGGESTED REF C. NOR DID WE AGREE THAT  
CUSTOMS WOULD SUBMIT THE COP QUESTIONNAIRES TO THE  
EUROPEAN COMMISSION RATHER THAN TO THE INDIVIDUAL FIRMS  
DIRECTLY, AS SUGGESTED REF E. AT THE MAY 25-26 US/EC

BILATERALS THE EC EXPRESSED ITS CONCERN ABOUT COST  
INVESTIGATIONS. WE UNDERSTOOD THESE CONCERNS TO RELATE  
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TO GENERAL INFORMATION-GATHERING AS PART OF TRIGGER PRICE  
MONITORING AND NOT TO ANTIDUMPING INVESTIGATIONS UNDER  
EITHER NORMAL OR ACCELERATED U.S. PROCEDURES. WE  
SUBSEQUENTLY MADE CLEAR TO LOEFF AT OECD AD HOC STEEL  
GROUP MEETING IN PARIS THAT WE HAD TO MAINTAIN THE  
RIGHT TO SEEK INFORMATION FROM FIRMS WHEN THERE WAS AN  
INVESTIGATION UNDERWAY. WE ARE, HOWEVER, FULLY AWARE  
OF THE SENSITIVITY TO REQUESTS FOR GENERAL INFORMATION  
WHEN NOT RELATED TO SPECIFIC INVESTIGATIONS.

3. IN ACCORDANCE WITH ARTICLE 6(E) OF THE INTERNATIONAL  
ANTIDUMPING CODE, THE U.S. CONDUCTS INVESTIGATIONS IN  
OTHER COUNTRIES ONLY WHEN THE FIRMS INVOLVED AGREE AND  
THE GOVERNMENTS INVOLVED DO NOT OBJECT. WHEN NECESSARY  
INFORMATION IS WITHHELD OR CANNOT BE VERIFIED, HOWEVER,  
U.S. LAW AND THE CODE PERMIT A DETERMINATION TO BE MADE  
ON THE BASIS OF THE BEST AVAILABLE INFORMATION, INCLUDING  
THAT SUPPLIED BY THE PETITIONER. IF THE QUESTIONNAIRES  
ALREADY PRESENTED TO SACILOR AND CHIERS CHATILLON ARE  
NOT COMPLETED BY JULY 8, TREASURY WILL HAVE NO ALTERNATIVE  
BUT TO USE BEST OTHERWISE AVAILABLE INFORMATION IN MAKING  
THE TENTATIVE DETERMINATION OF SALES AT LESS THAN FAIR

VALUE THAT IS DUE BY LAW NO LATER THAN JULY 19. SINCE THIS STATUTORY DEADLINE IS CLOSE AT HAND, TREASURY CANNOT AGREE TO DELAY THE COMMENCEMENT OF THE 30-DAY PERIOD (BEGINNING WITH THE PRESENTATION OF THE QUESTIONNAIRES TO THE FIRMS) INITIALLY PROVIDED TO EXPORTERS/PRODUCERS FOR COMPLETING THE QUESTIONNAIRE.

4. REGARDING THE FRENCH TRADE MINISTRY COMPLAINT THAT GOF WAS NOT INFORMED IN ADVANCE OF THE PRESENTATION OF THE COP QUESTIONNAIRES (REF D), POSTS MAY POINT OUT THAT BOTH THE FRENCH EMBASSY (LESTINASSE) AND THE EC DELEGATION IN WASHINGTON WERE INFORMED MAY 2 THAT A PRINCIPAL REASON FOR EXTENDING THIS INVESTIGATION WAS TO PERMIT TREASURY TO COLLECT AND ANALYZE FURTHER INFORMAL LIMITED OFFICIAL USE

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TION WITH RESPECT TO THE COST OF PRODUCTION OF AT LEAST TWO FRENCH WIRE ROD PRODUCERS (SACILOR AND CHIERS CHATILLON). THIS POINT WAS CLEARLY STATED AGAIN IN THE MAY 9 FEDERAL REGISTER NOTICE ANNOUNCING THE EXTENSION. PRESENTATION OF THE COP QUESTIONNAIRES--OUR STANDARD METHOD OF DATA COLLECTION--SHOULD HAVE BEEN FULLY EXPECTED BY THE GOF AND THE COMMISSION.

5. IT HAS ALSO BEEN SUGGESTED THAT COP INVESTIGATIONS ARE NOT NEEDED SINCE THE EC HAS PUBLISHED GUIDANCE PRICES

FOR MANY STEEL PRODUCTS (REF D). GUIDANCE PRICES ARE NOT NECESSARILY RELEVANT TO THE COP INVESTIGATION. IN LINE WITH STANDARD U.S. ANTIDUMPING PROCEDURES, CUSTOMS IS INVESTIGATING SALES (BOTH PRICES AND COSTS) IN THE SIX-MONTH PERIOD FROM MAY TO OCTOBER 1977, I.E., BEFORE PUBLICATION OF THE EC GUIDANCE PRICES. IN THE COURSE OF INVESTIGATION, TREASURY HAS RECEIVED INFORMATION THAT SACILOR, CHATILLON, NORMANDIE AND USINOR ALL MAY HAVE BEEN SELLING WIRE ROD FOR CONSUMPTION IN FRANCE AT PRICES CONSISTENTLY LESS THAN BOTH THE GUIDANCE PRICES AND THESE FIRMS' ACTUAL COSTS OF PRODUCING WIRE ROD. ONLY IF THE GUIDANCE PRICES CLEARLY EXCEEDED INDIVIDUAL FIRMS' PRODUCTION COSTS AND WERE UNIVERSALLY RESPECTED WOULD A COST OF PRODUCTION INVESTIGATION NOT HAVE BEEN NEEDED.

6. AS WE HAVE EMPHASIZED, THE USG IS UNABLE TO GUARANTEE THAT DOMESTIC PRODUCERS WHO HAVE FILED ANTIDUMPING COMPLAINTS WILL WITHDRAW THEIR PETITIONS BECAUSE OF THE IMPLEMENTATION OF THE TPM. WHILE WE DO NOT WISH TO SPECULATE ABOUT THE ULTIMATE DISPOSITION OF THE GEORGETOWN, NATIONAL OR ARMCO CASES, WE DO HOPE THAT THE TPM WILL DEAL EFFECTIVELY ENOUGH WITH OUR DUMPING PROBLEM IN LIMITED OFFICIAL USE

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THE NEXT SEVERAL MONTHS TO INDUCE THE COMPANIES TO  
WITHDRAW THEIR PETITIONS.

7. REGARDING THE FRENCH FOREIGN MINISTRY'S LINKAGE OF  
THE GEORGETOWN CASE AND THE CURRENT STEEL NEGOTIATIONS  
(PARA 3, REF D), POSTS MAY POINT OUT THAT THE TPM  
REQUIRES NO JUSTIFICATION BY THE PROPOSED INTERNATIONAL  
STEEL ARRANGEMENT. THE TPM IS FULLY CONSISTENT WITH U.S.  
LAW, THE ANTIDUMPING CODE, AND THE LETTER AND SPIRIT OF  
THE NOVEMBER, 1977, DECLARATION OF PRINCIPLES ADOPTED BY  
THE OECD AD HOC STEEL GROUP. MOREOVER, OPPOSITION TO THE  
PROPOSED ARRANGEMENT AND TO SPECIFIC COP INVESTIGATIONS  
WILL NOT CONTRIBUTE TO THE INCLINATION OF THE PETITIONERS  
TO WITHDRAW THEIR COMPLAINTS OR TO THE SUPPORT BY  
DOMESTIC INDUSTRY FOR THE INTERNATIONAL ARRANGEMENT. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
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**Concepts:** COSTS, PRODUCTION, DATA, ANTIDUMPING LAW (TRADE)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Office:** ORIGIN EB  
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**Review Exemptions:** n/a  
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**TAGS:** ETRD, US, FR, EEC  
**To:** BRUSSELS PARIS MULTIPLE  
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